

Before the State of South Carolina
Department of Insurance

In the matter of:)	SCDI File Number 12177
)	
United Wisconsin Life Insurance Company,)	Consent Order
)	Requiring Reimbursement of Premium Plus
Post Office Box 19032)	Interest in Lieu of Imposing Administrative
)	Penalty
Green Bay, Wisconsin 54307-9032.)	
_____)	

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (the "Department") and United Wisconsin Life Insurance Company ("United Wisconsin"), an insurer licensed to transact insurance business within the State of South Carolina.

United Wisconsin markets large group health insurance coverage to individuals in South Carolina under the trade names "Med One" and "Med One Choice" (the "Products"). Prior to 1997, United Wisconsin used a renewal rate methodology known as "tier rating" to establish renewal rates for the Products. Tier rating is typically associated with small employer group health insurance. On August 15, 1996, the Department informed United Wisconsin that even though there was no specific statutory prohibition against tier rating in South Carolina, the Department preferred that United Wisconsin use an individual renewal rating methodology for the Products, even though the Products are not individual products. The individual rating methodology preferred by the Department is commonly referred to as "block rating." Notwithstanding, United Wisconsin agreed to discontinue using the group rating methodology (i.e., tier rating) and adopted the individual rating methodology preferred by the Department (i.e., block rating) beginning January 1, 1997.

United Wisconsin hereby admits, and in March 2004, brought to the attention of the Department that it had inadvertently failed to convert certain insureds from tier rating to block rating in a timely fashion following January 1, 1997 and wished to refund excess premium to those insureds it could locate. As the Department has broad authority to regulate health insurance policies issued outside the State of South Carolina and marketed to South Carolina residents, including the authority to regulate rates, United Wisconsin and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that [in lieu of the Department's filing of formal administrative action] the parties would enter into this consent order. United Wisconsin would waive its right to a public hearing and take the following corrective measures:

DM United Wisconsin Life Insurance Company

1. Within ten days of the signing of this consent order United Wisconsin will commence an audit of all of its records to determine which insureds continued to receive tier rated renewals instead of block rates after January 1, 1997.
2. United Wisconsin will send a notice of premium refund, together with an acknowledgement form and return envelope, to be returned to United Wisconsin to receive the appropriate refund. The appropriate refund will be the difference between the Tier rate actually charged minus the Block rate that could have been charged, plus simple interest at the rate of 8.75% from the time of payment by the insured until the date of notice is sent by United Wisconsin. The notice of premium refund payments shall be sent to the last known address of each affected insured.
3. United Wisconsin will refund the entire amount of excess premium due, plus interest, to each claimant who returns a claim form at any time within five years of the date of the notice of premium refund.
4. United Wisconsin will establish a 1-800 number for customer inquiries and notify the insureds of the number at the time notice is sent so that insureds that receive the notice and have questions or wish to receive a duplicate claim form can contact the company.
5. United Wisconsin will use due diligence to locate individuals whose notices are returned undeliverable e.g., forwarding address listed on the returned envelope by the postal service or using a locator service to assist in locating these insureds.
6. United Wisconsin shall send the notices within 30 days of my date and signature on this consent order and shall make all refunds within 90 days of the date of receipt of a returned acknowledgement form.

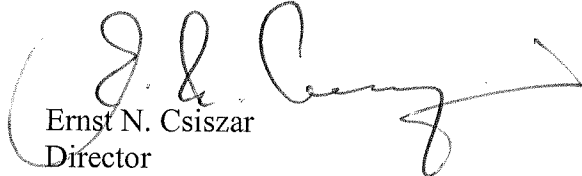
After a thorough review of the matter, and carefully considering the recommendations, I have elected to accept the consensual recommendation of the parties. Because United Wisconsin adopted the block rating methodology at the request of the Department and because it voluntarily brought this matter to the attention of the Department, no fines or penalties shall be assessed. This administrative remedy has been reached by the parties as a result of negotiation and compromise and in consideration of the internal corrective measures United Wisconsin has taken to prevent this problem from recurring and of its assurance that it will in the future comply with South Carolina insurance statutes and regulations. The Department reserves its right to pursue any legal action necessary to enforce the terms and conditions of this consent order.

By the signature of one of its officers or authorized representatives upon this consent order, United Wisconsin acknowledges that it understands that this order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2003).

It is, therefore, ordered that United Wisconsin Life Insurance Company shall, within ten days of my date and my signature upon this consent order commence the measures set forth above and shall provide a status report regarding such refunds within 9 months of that date.


It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.


Ernst N. Csiszar
Director

June 16, 2004
Columbia, South Carolina

I CONSENT:


Signature of Authorized Representative

Timothy J. Moore
Name

Sr. Vice President, General Counsel & Secretary
Title

United Wisconsin Life Insurance Company.

Post Office Box 19032

Green Bay, Wisconsin 54307-9032

Dated this 27 day of June, 2004